

RESOLUTION
CITY OF SAINT PAUL, MINNESOTA

20

Presented By 
Referred To _____ Committee: _____ Date _____

1 **WHEREAS**, the City of Saint Paul has granted a non-exclusive cable franchise to MediaOne of St. Paul, Inc.
2 ("Grantee"), to provide cable service in the City, which was issued on May 27, 1998 and effective July 31, 1998,
3 (the "Franchise"), which Franchise is, as set forth therein, subject to Chapter 430 of the St. Paul Legislative
4 Code ("Ordinance"); and

5 **WHEREAS**, Grantee is wholly owned and controlled by MediaOne of Delaware, Inc. ("MediaOne-Del."),
6 which in turn is wholly owned and controlled by MediaOne of Colorado Inc., which company is not involved
7 directly or indirectly in the management or operation of Grantee, which in turn is wholly-owned and controlled
8 by MediaOne Group, Inc. ("MediaOne"); and

9
10 **WHEREAS**, Grantee, (as Continental Cablevision of St. Paul), MediaOne-Del and MediaOne (as U S WEST)
11 the signatories to that certain Transfer Agreement, dated April 15, 1998, ("1998 Transfer Agreement") by and
12 between the City, Continental Cablevision of St. Paul, Inc., MediaOne of Delaware, Inc., and US West, Inc.; and
13 Grantee is party to that certain Corrective Plan Agreement and Corrective Plan, dated December 22, 1997 as
14 amended by the Franchise Documents (collectively the Ordinance, the Franchise, and all documents
15 incorporated, attached to or referenced therein, and including the 1998 Transfer Agreement and the Corrective
16 Plan Agreement and Corrective Plan are referred to as the "Franchise Documents"); and

17 **WHEREAS**, MediaOne is guarantor of Grantee's obligations; and

18 **WHEREAS**, pursuant to the Agreement and Plan of Merger among AT&T, Meteor Acquisition, Inc.
19 ("Meteor"), and MediaOne dated as of May 6, 1999 (the "Merger Agreement"), MediaOne will merge with and
20 into Meteor, with Meteor as the surviving corporation in the merger, and as a result of the transactions
21 contemplated by the Merger Agreement (the "Transactions"), Meteor will become the corporate successor to
22 MediaOne; and

23 **WHEREAS**, MediaOne Group, Inc. filed FCC Form 394 with the City on July 20, 1999, requesting the
24 consent of the City to a transfer of corporate control of MediaOne Group, Inc. to AT&T Corp; and

25 **WHEREAS**, Upon closing of the Transactions, control of MediaOne-Del, will change from MediaOne to
26 Meteor, and Meteor in turn will be wholly owned and controlled by AT&T (the "Change of Control"); and

27 **WHEREAS**, Grantee will continue to hold the Franchise after the Change of Control; and

28 **WHEREAS**, the City has determined that it is not in the public interest to approve the Change of Control unless
29 certain conditions are satisfied, including the execution of this Agreement, and MediaOne-Del, MediaOne,
30 Grantee, Meteor and AT&T (collectively, the "AT&T Parties") are willing to satisfy those conditions, which
31 conditions are set out in an Agreement attached hereto.

1 **WHEREAS**, among other things, there are outstanding issues as to franchise compliance, and under the
 2 Franchise Documents, non-compliance provides a ground for denial of a Change of Control request; and

3 **WHEREAS**, the Agreement, negotiated with City staff, and executed by authorized representatives of the
 4 transfer parties, provides remedies for the customer service performance issues and provides that the City will
 5 withdraw the August 24, 1999 Notice of Violation regarding customer service issues; and

6
 7 **WHEREAS**, the Agreement contains other representations, warranties and agreements by the transfer parties
 8 that resolve transfer issues and provides indemnities to the City regarding its approval of the change of control;
 9 now, therefore, be it

10 **RESOLVED**, that the Change of Control from MediaOne to Meteor and AT&T is approved, provided that the
 11 attached agreement becomes effective, and is fully enforceable in accordance with its terms.

12 **RESOLVED**, that the Change of Control is denied as of this date if the attached agreement does not become
 13 effective, or if it is not fully enforceable in accordance with its terms.

14 **RESOLVED**, that the Mayor and Director of Technology and Management Services are hereby authorized to
 15 execute the aforementioned Agreement and that staff be and hereby is directed to draft the appropriate ordinance
 16 amendments for submission for Council consideration.

	Yeas	Nays	Absent
Benanav	✓		
Blakey	✓		
Bostrom	✓		
Coleman	✓		
Harris	✓		
Lantry	✓		
Reiter	✓		
	7	0	0

Requested by Department of:

Technology & Management Services

By:

Peter Hames
 Peter Hames, Director

Approval Recommended by:

Department of Financial Services

By:

Joe Reid, Budget Director

29 Adopted by Council: Date Jan 12, 2000

30 Adoption Certified by Council Secretary

31 By:

32 Approved by Mayor: Date Jan 18 2000

33 By:

Form Approved by City Attorney

By:

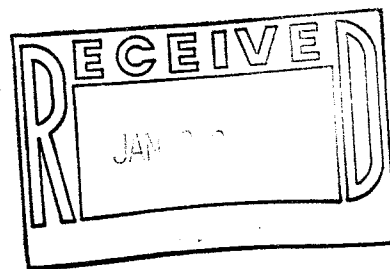
Approved by Mayor for Submission to
 Council:

By:

MediaOne
Law & Public Policy Department
10 River Park Plaza
St. Paul, MN 55107

Telephone: (612) 312-5280
Facsimile: (612) 312-5288

David G. Seykora
Vice President - Law & Public Policy



January 19, 2000

Holly Hansen
Cable Communications Officer
City Of St. Paul
68 City Hall
15 West Kellogg Boulevard
St. Paul, MN 55102

Re: Change of Control of MediaOne of St. Paul, Inc.

Dear Holly:

Enclosed please find a replacement letter from MediaOne of Colorado, Inc. This letter incorporates the change agreed to prior to the hearing on January 12, 2000.

Sincerely,

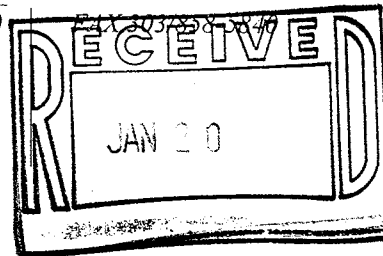

David G. Seykora

DGS/aps

cc: Reyne Rofuth (w/encl.)
John Gibbs (w/encl.)

W. Douglas Hickey
Vice President - Law and Public Policy
Phone 303/858-5886

188 Inverness Drive West, Suite 510
Englewood, CO 80112
dhickey@mediaone.com



January 12, 2000

Holly Hansen
Cable Communications Officer
City of St. Paul
68 City Hall
15 West Kellogg Boulevard
St. Paul, MN 55102

Re: Change of Control of MediaOne of St. Paul, Inc.

Dear Ms. Hansen:

This letter will provide you with the assurance requested in connection with the Change of Control of MediaOne of St. Paul, Inc., ("Franchise Holder") which holds the franchise to operate a cable system in the City of St. Paul.

Under the Change of Control, MediaOne Group, Inc., will merge with and into Meteor Acquisition, Inc. ("Meteor"), with Meteor as the surviving corporation in the merger, and as a result of the transactions contemplated in the Merger Agreement, Meteor will become the corporate successor to MediaOne Group, Inc. MediaOne Group Inc., owns all of MediaOne of Colorado, Inc., and MediaOne of Colorado, Inc., owns all of MediaOne of Delaware, Inc., which in turn owns all of the Franchise Holder. MediaOne of Colorado, Inc., is not involved in the management or operation of the Franchise Holder. MediaOne of Colorado, Inc., will not take any action inconsistent with the promises contained in the Franchise Documents (as defined in the Agreement dated January 12, 2000) and the Transfer Agreement.

Sincerely,

**AGREEMENT
DATED JANUARY 12, 2000**

THE CITY OF ST. PAUL, MINNESOTA ("CITY"), MEDIAONE OF ST. PAUL, INC. ("GRANTEE"), MEDIAONE OF DELAWARE, INC. (MEDIAONE-DEL), MEDIAONE GROUP, INC. ("MEDIAONE"), METEOR ACQUISITION, INC. (METEOR) AND AT&T CORP. ("AT&T"), DO HEREBY AGREE AS FOLLOWS:

WHEREAS, Grantee holds a franchise to provide cable service in the City, which was issued on May 27, 1998 and effective July 31, 1998, (the "Franchise"), which Franchise is, as set forth therein, subject to Chapter 430 of the St. Paul Legislative Code ("Ordinance");

WHEREAS, Grantee is wholly owned and controlled by MediaOne of Delaware, Inc. ("MediaOne-Del."), which in turn is wholly owned and controlled by MediaOne of Colorado Inc.

WHEREAS, Grantee, (as Continental Cablevision of St. Paul), MediaOne-Del and MediaOne (as U S WEST) are signatories to that certain Transfer Agreement, dated April 15, 1998, ("1998 Transfer Agreement") by and between the City, Continental Cablevision of St. Paul, Inc., MediaOne of Delaware, Inc., and US West, Inc.; and Grantee is party to that certain Corrective Plan Agreement and Corrective Plan, dated December 22, 1997 as amended by the Franchise Documents (collectively the Ordinance, the Franchise, and all documents incorporated, attached to or referenced therein, and including the 1998 Transfer Agreement and the Corrective Plan Agreement and Corrective Plan are referred to as the "Franchise Documents"); and

WHEREAS, MediaOne is guarantor of Grantee's obligations; and

WHEREAS, pursuant to the Agreement and Plan of Merger among AT&T, Meteor, and MediaOne dated as of May 6, 1999 (the "Merger Agreement"), MediaOne will merge with and into Meteor, with Meteor as the surviving corporation in the merger, and as a result of the transactions contemplated by the Merger Agreement (the "Transactions"), Meteor will become the corporate successor to MediaOne; and

WHEREAS, Upon closing of the Transactions, control of MediaOne-Del, which wholly owns Grantee, will change from MediaOne to Meteor, and Meteor in turn will be wholly owned and controlled by AT&T (the "Change of Control"); and

WHEREAS, Grantee will continue to hold the Franchise after the Change of Control; and

WHEREAS, Grantee has requested consent by the City to the Change of Control; and

WHEREAS, the City has determined that it is not in the public interest to approve the Change of

Control unless certain conditions are satisfied, including the execution of this Agreement, and MediaOne-Del, MediaOne, Grantee, Meteor and AT&T (collectively, the "AT&T Parties") are willing to satisfy those conditions.

NOW THEREFORE, IN CONSIDERATION OF THE FOREGOING AND THE MUTUAL CONSENTS SET FORTH HEREIN, THE PARTIES AGREE AS FOLLOWS:

SECTION ONE. CHANGE OF CONTROL. The City Council of City has by Resolution consented to the Change of Control, subject to execution of this Agreement. With respect to that Consent, the parties make the following agreements:

1.1 Acceptance – Grantee hereby agrees that it continues to accept, acknowledge, and agree to be bound by all of its commitments, duties and obligations, present, continuing and future as set forth in the Franchise Documents.

1.2 Assumption of Obligations – Grantee agrees that as between itself and the City neither the Change of Control nor the City's approval of the Change of Control shall in any respect relieve Grantee of responsibility for past acts or omissions, known or unknown except as set forth herein; and Grantee hereby reaffirms that it shall be liable for, and accepts the consequences of, any such acts and omissions, known and unknown, including liability for any and all previously accrued but unfulfilled obligations to the City under the Franchise Documents and applicable law, for all purposes. MediaOne-Del agrees that as between itself and the City neither the Change of Control nor the City's approval of the Change of Control shall in any respect relieve MediaOne-Del of responsibility for past acts or omissions, known or unknown under the 1998 Transfer Agreement, and reaffirms that it shall remain liable for, and accepts the consequences of, any acts and omissions, known and unknown, including liability for any and all previously accrued but unfulfilled obligations to the City under the 1998 Transfer Agreement. Meteor, upon Closing of the Transactions shall assume all obligations and liabilities of MediaOne under the 1998 Transfer Agreement, and assume responsibilities for past acts and omissions of MediaOne thereunder, known and unknown. AT&T agrees that from and after the Change of Control, it will exercise its control to the extent possible to cause Meteor, MediaOne-Del and Grantee to comply with their respective obligations under this Agreement and the Franchise Documents.

1.3 Conflicting Provisions Disallowed – The City, by its consent to the Change of Control, is not approving or endorsing the terms of any document related to the Transactions, other than those executed by the City. Without limiting the foregoing, to the extent there is a conflict between (1) the terms and conditions of this Agreement and the Franchise Documents; and (2) any contract (other than a contract with the City) related to the Transactions, or any contract that may affect St. Paul as a result of the Transactions, the AT&T Parties agree that the terms of the latter shall be expressly subordinate to the terms and conditions of the former.

1.4 City's Reliance Upon Companies' Representations – The AT&T Parties each acknowledge and agree that: the City's consent to the Change of Control is made in reliance upon

the representations, documents, and information provided by them in connection with the request for consent to the Change of Control; each of Grantee, AT&T, Meteor, MediaOne-Del and MediaOne is liable for any representations and warranties it makes (including any it makes jointly), which representations and warranties include the following:

1.4.1 The AT&T Parties represent and warrant that they understand that St. Paul is only approving the Transactions set forth in the Attachment 1; the City is not agreeing to approve any other or future transfer, whether contemplated in connection with the Transactions or not, and any agreement or option that would permit a transfer to occur without the approval of the City is disallowed.

1.4.2 The AT&T Parties represent and warrant that the Transactions will not in any respect reduce the level of customer service in St. Paul, either by reducing the number of customer service representatives, technicians or technical managers serving St. Paul, or by consolidating the St. Paul customer service operations with other customer service operations.

1.4.3 The AT&T Parties agree that any costs associated with complying with this Transfer Agreement, or any amendments to the Franchise Documents that result from this Agreement are not external costs for purposes of rates to St. Paul subscribers and shall not result in rate increases to subscribers. The AT&T Parties further stipulate that for purposes of any rate proceeding, the Transactions do not result in a cognizable increase in good will, intangibles or tangible assets of the cable system serving St. Paul, above the level that could have been reflected in rates prior to the Transactions.

1.4.4. The AT&T Parties represent and warrant the Change of Control will not negatively affect access by the City to documents relating to the System.

1.4.5. (a) The AT&T Parties further represent and warrant that no further changes to the Franchise Documents are required under current conditions, or will be required as a result of the Transactions; *provided that*, Grantee does not give up any right it may have to seek modification if there is a material change in current conditions.

(b) The AT&T Parties further represent and warrant that their ability to comply with any of their respective obligations under the Franchise Documents and this Agreement is not based on the assumption that the AT&T Parties will be permitted to provide services other than those authorized by the Franchise Documents. This provision shall not be construed to imply that the City does or does not have any regulatory authority or jurisdiction over any services other than those authorized by the Franchise Documents.

1.4.6 Each of the AT&T Parties each hereby represent and warrant that: (a) the execution and delivery of this Agreement does not contravene, result in a breach of, or constitute a default under, any contract or agreement to which it is a party or by which it or any of its properties may be bound (nor would such execution and delivery constitute such a default with the passage of time or the giving of notice or both), and does not violate or contravene any law, order, decree, rule, regulation or restriction to which it is subject; (b) it is duly organized, legally

existing and in good standing under the laws of the states of its respective organization; (c) the terms of this Agreement which apply to it constitute legal, valid and binding obligations of it, enforceable in accordance with such terms; and (d) the execution and delivery of, and performance under, this Agreement is within its respective power and authority without the joinder or consent of any other party and have been duly authorized by all requisite action and are not in contravention of its respective charters, bylaws, or other organizational documents, or of any indenture, agreement or undertaking to which it is a party or by which it is bound.

1.5 Reimbursement – Grantee shall pay the City up to \$ 22,000 in conjunction with City's review of the Change of Control to cover the costs of the City in connection with that review, which payment shall be deemed to satisfy any obligations under Section 113 of the Franchise or any other payment obligations any other AT&T Party might have in connection with the review of the application for approval of the Change of Control. The payment shall be due within thirty (30) business days after the effective date of a resolution approving the Change of Control, or fifteen (15) business days after invoice, whichever is later.

1.6 Promises and Parental Guaranty – Each of the AT&T Parties agrees that, from and after the consummation of the Transactions, it will not take any action inconsistent with the promises contained in the Franchise Documents. Meteor agrees that it will provide a parent company guaranty in a form substantially similar to Attachment 7, prior to the date of the Change of Control, guarantee to become effective at the time of the Change of Control; *provided that*, if acceptable to the City Attorney, Meteor, as successor to MediaOne's obligations, may in lieu of issuing a new guarantee, affirm in a form acceptable to the City Attorney that it will be the guarantor under the guaranty.

1.7 Franchise Amendments – The Grantee agrees to accept Franchise and Ordinance amendments adopted by the City that are necessary to effectuate the Change of Control or this Agreement.

1.8 Sunset – In the event the Transactions do not close by December 31, 2000, or close on terms that are in any material respect different from the terms disclosed to the City in writing prior to the date of this Agreement, then the City's approval of the Change of Control shall be void, and the Change of Control approval request deemed timely denied.

1.9 Other Conditions – Prior to the Closing of the Transactions, all payments required under this Agreement, and all guarantees required must have been delivered and accepted by the City, except as otherwise set forth in this Agreement. Prior to the Closing of the Transactions, all required insurance, bonds and letters of credit must have been obtained and proof of the same must be provided to the City, to the extent that the Change of Control may change or affect the same held by Grantee as of the date of this Agreement.

SECTION TWO. CUSTOMER SERVICE SETTLEMENT. By letter dated August 24, 1999 and received by Grantee on August 25, 1999, the City notified Grantee of alleged violations of various customer service standards required by Article II, Section 208(a) of the Franchise, for

periods specified in the letter. By letter dated September 2, 1999 Grantee timely notified City of its dispute of such violation notice. As complete settlement and mutual release of all claims regarding the violations specified in the notice through December 31, 1999, the City and Grantee make the following agreements:

2.1 Customer Letter and Compensation – No later than February 28, 2000, Grantee will provide customers a letter acknowledging customer inconvenience throughout parts of 1999 and providing each customer the right to a free Pay-Per-View movie of the customer's choice, without any additional expense or obligation, in any form (the value of this free movie is estimated to be approximately \$4.00). The customer letter will acknowledge the role of the City in resolution of this matter. Arrangements will be made to accommodate any customer who does not ordinarily have an addressable converter and, as such, cannot routinely take advantage of a Pay-Per-View offering, so that such a customer can receive a Pay-per-View movie without any additional expense or obligation in any form. The letter must provide customers at least six months to take advantage of the free movie offer. The letter may not link the free movie to any other promotion.

2.2 Notice of Violation – The City agrees that it will withdraw the August 24, 1999 Notice of Violation. The withdrawal of the notice does not mean that the City agrees that the Grantee was in compliance with the customer service standards for that period; instead, the withdrawal is part of this settlement of customer service issues raised in the Notice and is in return for the Grantee's agreements under this Section 2.

2.3 Performance levels – Disputes as to how the certain customer service standards of the Franchise Documents are to be interpreted from and after January 1, 2000 are resolved as described in this section 2.3-2.4. Several of St. Paul's customer service standards are identical to or incorporate minimum customer service standards established by the FCC. By agreeing to the measurements for determining compliance as set out in sections 2.3-2.4, the parties are not agreeing that the measurements represent the proper interpretations of the FCC rules; rather, the parties are agreeing as part of an overall settlement that these measurements shall be used in determining whether Grantee has met its customer service obligations under existing customer service standards. Further, this Agreement is an agreement as to how existing customer service standards are to be applied. This Agreement does not alter the City's authority under its police powers, or under applicable law. The City may change or repeal customer service standards, adopt different or additional customer service standards, and may require Grantee to comply and to demonstrate compliance with the standards the City adopts; except that the City agrees to use the measures described in Section 2.4 to measure compliance with the telephone transfer time standard and the busy signal standard until at least September 30, 2000. This provision is not intended to permit the City to adopt customer service standards preempted by state or federal law.

2.3.1. Under the federal customer service standards incorporated into the Franchise Documents, standard installations are to be performed within seven (7) business days.

Under normal operating conditions, this standard must be satisfied no less than 95% of the time measured on a quarterly basis. The phrase "of the time" will be interpreted to refer to the number of standard installations requested in the City, so that if 100 persons request service requiring an installation, at least 95 of those installations must be scheduled and completed within seven business days unless otherwise initially requested by the customer.

2.3.2. Under the Franchise Documents, Grantee must investigate and act upon any service complaint promptly and in no event later than 24 hours after the problem becomes known. Grantee must resolve service complaints within three days.

2.3.3. Under the federal customer service standards incorporated into the Franchise Documents, certain customer service standards apply only under "normal operating conditions." Generally, the term shall be interpreted as defined in the FCC rules; but notwithstanding how the FCC may interpret the term, upgrades, rebuilds, plant or facilities construction or replacement (including but not limited to moving, adding or eliminating facilities, or changing addresses), additions, deletions or changes in equipment (including Grantee's telephone systems, computer systems, record-keeping systems) or employees, or changes in operating or management procedures, consolidations, transfers, corporate mergers, reorganizations, roll-out of services, price and service changes or any combination of the above will be deemed to be "normal operating conditions."

2.3.4 Grantee shall, in addition to its other obligations under the Franchise Documents, install such equipment, implement procedures and maintain such records and prepare such reports as are necessary to show Grantee's compliance with each and every customer service standard.

2.4 Resolution of Certain Disputes As To Telephone Answering Standards. The reports and procedures specified in this Section 2.4 will be utilized to demonstrate compliance with telephone standards described below through September 30, 2000. After that date, those reports and procedures will continue to be utilized until (a) 30 days after Grantee gives written notice that the reports and procedures shall not apply; or (b) the City implements different telephone answering standards, or different reports and procedures for complying with the existing telephone answering standards. Prior to September 30, 2000, the City and Grantee will meet to discuss whether to continue to utilize the reports and procedures, or whether alternative reports and procedures should be used.

2.4.1. Under the federal customer service standards incorporated into the Franchise Documents, telephone transfer time to a customer service representative may not exceed 30 seconds, and this standard must be met 90% of the time under normal operating conditions on a quarterly basis. Within 10 business days of the end of the each month, Grantee shall submit a report entitled "Telephone Service Factor," ("TSF") in substantially the form in Attachment 2 and a report entitled "Average Speed of Answer" ("ASA") in substantially the form in Attachment 3. If Grantee properly prepares the reports, and (a) the ASA Report shows that the average answer time was 45 seconds or less; and (b) the TSF Report shows that the telephone service factor was 80 per cent or higher (these standards are referred to as the

"Preliminary Standards"), Grantee will be deemed to be in compliance with its customer service obligation to transfer calls within 30 seconds 90% of the time under normal operating conditions.

2.4.2. If there is any month in a calendar quarter in which the Preliminary Standards are not satisfied, Grantee shall prepare and submit a Detailed Log Report in substantially the form shown in Attachment 4 ("DLR") (including summary data) for the entire quarter within 20 business days of the end calendar quarter. The purpose of this report is to identify those calls received during periods that were not normal operating conditions, to determine whether the telephone transfer measure has been satisfied. The DLR will include summary data showing (a) the total number of calls received in the reporting period; the total number of calls received during normal operating conditions; and (b) the total number of half-hour intervals during the reporting period; the total number of half-hour intervals where normal operating conditions applied; and the percentage of half-hour intervals where calls were transferred and answered within 30 seconds during normal operating conditions. If the report, properly prepared, shows that: counting only periods of normal operating conditions, during 90% of the time periods in the quarter, the average speed of answer was 30 seconds or less, Grantee will be deemed to be in compliance with its customer service transfer time obligation. If not, Grantee will be deemed to be out of compliance and Grantee will, upon written request from the Cable Communications Officer promptly pay liquidated damages to the City for violating the standard for the quarter covered by the quarterly DLR, by a date specified by the Cable Communications Officer. Nothing in this Section 2.4 prevents the City from contesting Grantee's classification of particular time periods as involving "normal" or "abnormal" operating conditions. Attachment 4 shows time periods classified as "abnormal" by Grantee, but the inclusion of this attachment is to provide an example of the proper form for the report. The parties have not agreed that the periods that were treated as "abnormal" in the example report were in fact properly so classified, or agreed on procedures for determining whether a period reflects normal or abnormal conditions.

2.4.3. Under the federal customer service standards incorporated into the Franchise Documents, a caller must receive a busy signal less than three per cent of the time during normal operating conditions. Within 10 business days of the end of each month, Grantee shall submit an "All Trunks Busy" ("ATB") Report, in substantially the form in Attachment 5. Within 20 business days of the end of each calendar quarter, Grantee will prepare a consolidated ATB Report. If Grantee properly prepares the quarterly report, and the quarterly report shows that all trunks were busy less than three per cent of the time during the quarter, Grantee will be deemed to be in compliance with its "busy signal" customer service obligation. If not, Grantee will be deemed to be out of compliance and Grantee will, upon written request from the Cable Communications Officer, promptly pay liquidated damages to the City for violating the standard during the quarter covered by the quarterly report, by a date specified by the Cable Communications Officer.

2.4.4. Each of the reports prepared under Section 2.4.1-2.4.3 will reflect only the calls from and resources dedicated to customer service for the Twin Cities Metropolitan Area, as defined by the United States Census Bureau, and St. Croix and Pierce Counties, Wisconsin.

2.4.5. In determining whether a particular outage event constitutes a normal operating condition for purposes of preparing the Attachment 4 report, Grantee will only count those events beyond its or its Affiliates' control which result in outages for 100 or more subscribers.

2.4.6. The data used to prepare the ASA will measure the average elapsed time from when a customer makes a selection on a phone system menu to the time when the phone is answered by a Customer Care Professional ("CCP") (if the CCP can answer the phone but put the customer on hold to handle other calls, the wait time should be included in the elapsed time).

2.4.7. The data used to prepare the TSF will measure the percent of total calls that were transferred and answered within 30 seconds (if the CCP can answer the telephone but put the customer on hold to handle other calls, the wait time should be included in determining whether the 30-second standard is met).

2.4.8. The ATB measures the percentage of time (measured in one-second increments) that all trunks coming into the call center that are available for calls from the Metropolitan Area are in use.

2.5 Resolution of Disputes as To Liquidated Damages – In resolution of the disputes as to application of the liquidated damages provisions of the Franchise, the parties agree as follows:

2.5.1. Liquidated damages accrue on breach, and the City need not provide opportunity to cure prior to imposing or collecting liquidated damages. *Provided that*, before imposing or collecting liquidated damages, the City must provide the Grantee the opportunity to appear before the City and to show cause why liquidated damages should not be imposed or collected except that, no such opportunity is required for liquidated damages as described in Section 2.4.1-2.4.3.

2.5.2. With respect to customer service standards where compliance is measured over a period of time and on a group rather than individual basis (as is the case with telephone answering time response), the parties agree that the Franchise Documents shall be interpreted to provide that for each standard violated, for each day of the period during which Grantee was out of compliance, Grantee will owe \$200 (in 1997 dollars). By way of example and not limitation, if Grantee failed to satisfy telephone transfer time standards for a single quarter, the Grantee would owe \$200(in 1997 dollars) x (the number of days in the applicable period); if Grantee also violated the installation standard during the quarter, Grantee would owe an additional \$200 (in 1997 dollars) x (the number of days in the applicable period).

2.5.3. Each distinct standard with respect to customer service is treated as a separate standard. By way of example, and not limitation, the telephone transfer time requirements are distinct from franchisee's obligations with respect to busy signals.

2.6 Institutional Network Enhancements – At the time of Grantee's Fiber Institutional Network upgrade, Grantee shall enhance the Fiber Institutional Network by increasing the optical fiber deployment in the Fiber Institutional Network as set forth in Attachment 6 hereto. Specifically, Grantee will construct 6 count fiber to the designated school sites, 6 count to the designated Ramsey County sites, and 48 count fiber to the designated City sites, all as identified on Attachment 6, at no cost. In addition to the above, the City, Ramsey County and the designated school sites may request additional fiber count in the ring connecting the designated City, County or school sites if the requesting party provides sufficient advance notice to permit Grantee to include the additional count during the construction of the Fiber Institutional Network and agrees to pay the incremental cost of such additional fibers.

2.7 Institutional Network Equipment Grant – No later than January 31, 2000, Grantee shall provide to City an equipment grant in the amount of twenty-five thousand dollars (\$25,000) to be used by City for equipment associated with activation of and implementation of the Institutional Network.

2.8 Institutional Network Completion – The City confirms that Grantee has satisfied element number 2 (reliability of the network) and element number 3 (physical inspection) of Section C, Attachment 2-F-9 of the Corrective Plan for the upgrade of the Institutional Network. The City confirms that Grantee has completed and satisfied its construction requirements with respect to the Upgraded HFC Institutional Network as defined by Section 301(a)(3) of the Franchise Documents.

SECTION THREE. NO WAIVER. By its consent to the Change of Control and execution of this Agreement, except as specifically provided herein, the City waives none of its rights or prospective rights with respect to Grantee's compliance with the terms, conditions, requirements, and obligations set forth in the Franchise Documents or Grantee's obligations with respect to the same.

SECTION FOUR. OBLIGATIONS NOT FRANCHISE FEES. Each of the AT&T Parties agree that none of the costs it must incur, or payments that it must make under this Agreement constitute franchise fees, and instead fall within one or more of the exceptions set out in 47 U.S.C. §542(g)(2), and each of the AT&T Parties further agrees it will not raise any claim or defense to the contrary, in any forum. Without limiting the materiality of any other provision, it is agreed that the City would not have approved the Transactions without this provision.

SECTION FIVE. EFFECT OF FAILURE TO COMPLY WITH THE AGREEMENT. The City at its option may exercise any remedy available to it at law or at equity, or under the Franchise Documents against any of the AT&T Parties that breach their respective obligations under this Agreement, and in addition, without limiting the foregoing:

5.1. Failure To Comply with Conditions that Must Be Satisfied Before Closing Date. If any of the AT&T Parties fails to comply with any requirement of such party that must be completed before the closing date of the Transactions, then the City's consent shall be deemed

of no effect and the request for approval of the Transactions shall be deemed timely denied. Further, without limiting the foregoing, in the event a claim or defense is raised at any time that would affect the enforceability of a material term of this Agreement, the City may rescind its approval and deny the approval request, in which case the request for approval shall be deemed timely denied.

5.2. Failure To Comply with Conditions that Are To Be Completed After the Closing Date; Failure of Representations and Warranties. In addition to the City obtaining such damages or equitable relief as may be appropriate, in the event of a breach of this Agreement, or if any representation or warranty is false, misleading or incomplete, the City may apply the remedies under the Franchise. Without limiting the foregoing, if any of the AT&T Parties fails to comply with any material requirement of such party under this Agreement that applies after the closing date of the transactions or if any representation or warranty by an AT&T Party is false, misleading or incomplete in any material respect, the Grantee shall be deemed to have substantially and materially violated the Franchise, and the Franchise may be revoked. The provisions of the Franchise shall govern any revocation proceeding. However, no opportunity to cure needs to be given prior to revocation if a warranty or representation is false, misleading or incomplete in any material respect.

SECTION SIX. INDEMNITY. Each of the AT&T Parties agrees to indemnify and hold the City harmless against any loss, claim, damage, liability or expense (including, without limitation, reasonable attorneys' fees) incurred as a result of any representation or warranty made by such party to the City in connection with the Transactions or this Agreement which is untrue, inaccurate or incomplete.

SECTION SEVEN. MISCELLANEOUS.

7.1. Waiver of Claims – The AT&T Parties hereby waive any and all claims that they may have that any denial of the Application that results from any failure to comply with this Agreement fails to satisfy the deadlines established by applicable law including, without limitation, claims based on, arising out of, or relating to section 617(e) of the Cable Television Consumer Protection and Competition Act of 1992, Pub. L. No. 102-385, 106 Stat. 1460 (1992), as amended, and agree that they shall be deemed to have agreed to an extension of the time to act on the Application as required to make any denial effective.

7.2 Acceptance of Agreement – By signing this Agreement, (i) each of the AT&T Parties accept, and agree to comply with, each provision hereof that applies to it; (ii) the AT&T Parties acknowledge and accept the City's right to consent to the Transactions, and to enter into this Agreement; (iii) each of the AT&T Parties agrees that it will not, directly or indirectly, oppose intervention by the City in any proceeding regarding the System except where intervention is prohibited by law; and (iv) each of the AT&T Parties agrees that the approval of the Transactions was granted pursuant to processes and procedures consistent with Applicable Law, and that it will not raise, and hereby expressly waives, all claims to the contrary.

7.3. Representations and Warranties Material – Any representations and warranties made in this Agreement are material. It is a material breach of this Agreement if any representation or warranty proves to be untrue, inaccurate or incomplete in any material respect.

7.4. Open Access. Without modifying any of its rights or obligations under the Franchise, Grantee agrees to comply with all lawful Federal, State and local requirements with respect to access to its cable modem platform by Internet service providers and online service providers. Neither the City nor the AT&T Parties waive by this paragraph any rights, obligations, claims, defenses or remedies regarding the authority of the City to impose requirements in the future. Except that, notwithstanding the foregoing sentence, after providing notice and reasonable opportunity to be heard and present information on the subject matter of the findings and the subject matter of the requirement to be considered by the City the City may impose an access requirement later if an access condition could have been lawfully unilaterally established as a condition in connection with the review of the Transactions. Costs associated with Grantee's implementation of any such requirement shall not be subject to the provisions of Section 1.4.3 of this Agreement relating to external costs, but neither is the City conceding that any costs would be external costs.

SECTION EIGHT. BINDING AGREEMENT. This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executor, receivers, trustees, successors and assigns; the representations and warranties contained herein survive the effective date hereof unless otherwise terminated or superseded by agreement of the parties.

SECTION NINE. GOVERNING LAW. This Agreement shall be governed in all respects by the law of the State of Minnesota.

SECTION TEN. DRAFTING. This Agreement is the product of common negotiations among the parties and shall not be construed against any party on any grounds related to drafting, revision, review, or recommendation by any agent or representative of any party.

SECTION ELEVEN. TIME OF THE ESSENCE. In determining whether a party has complied with this Agreement, the parties agree that time is of the essence.

SECTION TWELVE. COUNTERPARTS. This document may be executed in multiple counterparts, and by the parties hereto on separate counterparts, and each counterpart, when executed and delivered, shall constitute an original agreement enforceable against all who signed it without production of, or accounting for, any other counterpart, and all separate counterparts shall constitute the same agreement.

SECTION THIRTEEN. CAPTIONS. The captions and headings of this Agreement are for convenience and reference purposes only, and shall not affect in any way the meaning and interpretation of any provisions of this Agreement.

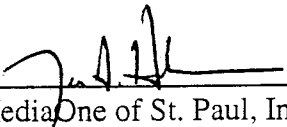
SECTION TEN. **DRAFTING.** This Agreement is the product of common negotiations among the parties and shall not be construed against any party on any grounds related to drafting, revision, review, or recommendation by any agent or representative of any party.

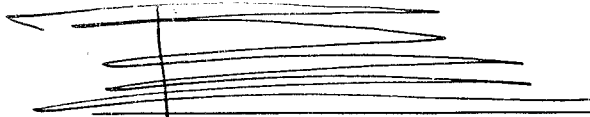
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SECTION FOURTEEN. **TERMS.** The terms used in this Agreement (except where expressly provided otherwise) are defined and shall be interpreted as provided in Section 101 of Grantee's Franchise.

_____ AT&T Corp.	_____ Date
 _____ MediaOne of St. Paul, Inc.	<u>1-12-00</u> _____ Date
_____ MediaOne Group, Inc.	_____ Date
_____ MediaOne of Delaware, Inc.	_____ Date
_____ Meteor Acquisition, Inc.	_____ Date


AT&T Corp.

1/11/00
Date

00-29

MediaOne of St. Paul, Inc.


Date

MediaOne Group, Inc.

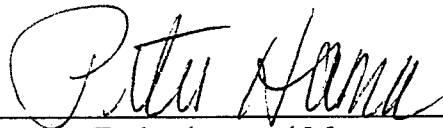
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MediaOne of Delaware, Inc.

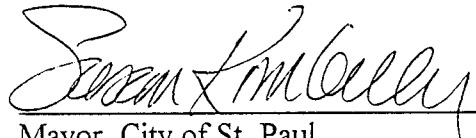
Date


Meteor Acquisition, Inc.

1/11/00
Date


Director, Technology and Management Services
City of Saint Paul

2/2/2000
Date


Mayor, City of St. Paul

2/2/2000
Date

APPROVED AS TO FORM


Assistant City Attorney

SECTION TEN. DRAFTING. This Agreement is the product of common negotiations among the parties and shall not be construed against any party on any grounds related to drafting, revision, review, or recommendation by any agent or representative of any party.

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AT&T Corp.

Date

MediaOne of St. Paul, Inc.

Date

W. Douglas Nicky

MediaOne Group, Inc.

1/11/00

Date

W. Douglas Nicky

MediaOne of Delaware, Inc.

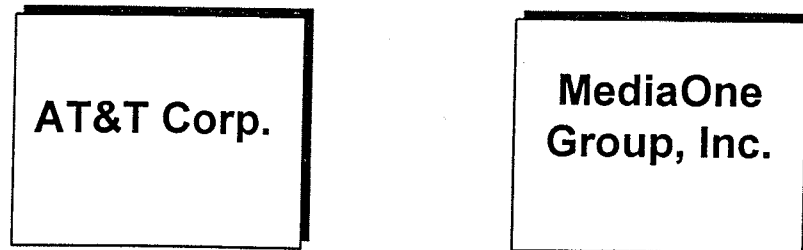
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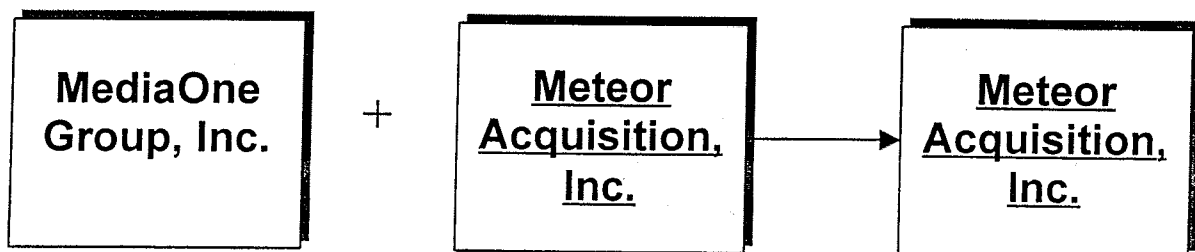
Meteor Acquisition, Inc.

Date

Before the Merger AT&T Corp. and MediaOne Group, Inc. are separate and unrelated corporate entities.



MediaOne Group, Inc. merges into Meteor Acquisition, Inc. with Meteor Acquisition, Inc. surviving the Merger and MediaOne Group, Inc. ceasing to exist:



After the Merger Meteor Acquisition, Inc. becomes a subsidiary of AT&T Corp.

